ANNUAL REPORT 2002

Promoting Safe Workplaces...
Protecting Employers and Workers

WORKERS COMPENSATION BOARD OF PRINCE EDWARD ISLAND

Our Mission

Promoting Safe Workplaces...*Protecting Employers and Workers*

WCB exists to promote safe workplaces and to protect employers and injured workers through a sustainable accident insurance program.

Our Values

- **We treat people with fairness, care and respect**
- **We communicate in an open and honest manner**
- **We are accountable to the public and our stakeholders**
- **We believe in teamwork and are committed to continually improving our services**
- **We foster trust**
- **We act with integrity and professionalism**

Our Organization

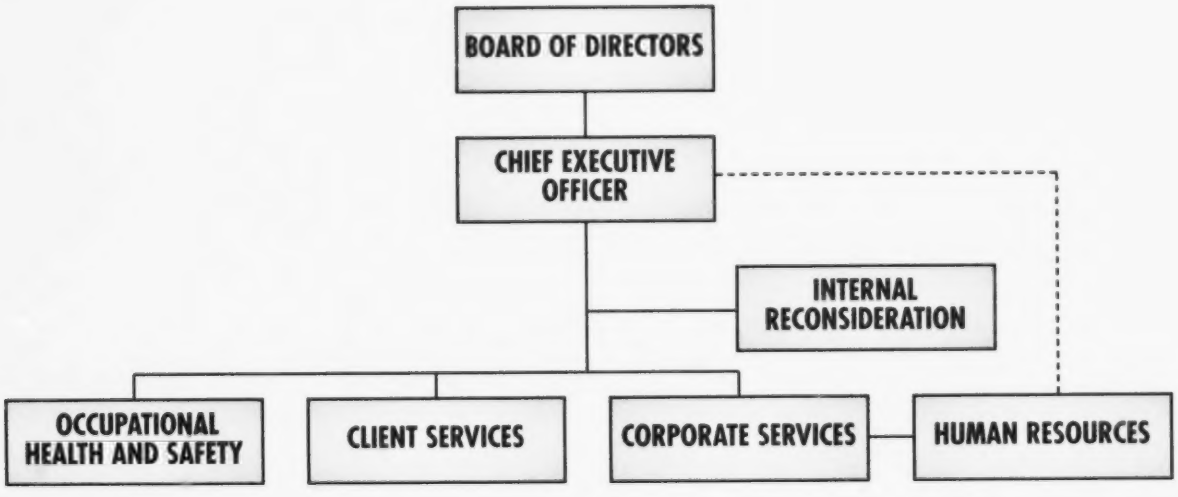

Table of Contents

Our Mission - Our Values - Our Organization	i
Table of Contents	1
Letter of Transmittal	2
Board of Directors	3
Message from the Chair	4
Message from the Chief Executive Officer	6
Strategic Plan "Highlights" 2001 - 2006	10
Creating Safe and Healthy Workplaces for Islanders	10
Quality Service for Injured Workers	12
Focused on Operational Effectiveness	14
Quality Service through People	16
Financial Information	17
Actuarial Certificate	18
Auditors' Report	19
Financial Statements	20
Notes to the Financial Statements	23
Statistical Summary	32

Letter of Transmittal

Promoting Safe Workplaces... *Protecting Employers & Workers*

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Workers Compensation Board of Prince Edward Island

01 March 2003

Hon. Elmer MacFadyen
Minister
Community and Cultural Affairs
P.O. Box 2000
Charlottetown, PE C1A 7N8

Dear Minister MacFadyen

In accordance with Section 34 of the Workers Compensation Act, the Board is pleased to provide its Annual Report for the year ending 31 December 2002.

James M. Lee
Chair

14 WEYMOUTH STREET, P.O. BOX 757, CHARLOTTETOWN, PRINCE EDWARD ISLAND C1A 7L7

Board of Directors

The WCB Board of Directors: seated from left are Donna Butler, James Lee (chair), Joyce McCardle (vice-chair); standing from left are Ray Gallant and Blake Craig. The Board is comprised equally of representatives from employers and workers with an independent chairperson.

Message from the Chair

The economic uncertainties impacting PEI, Canada and the world have presented many challenges for the Workers Compensation Board of PEI in 2002. A focus, however, on key results as defined by our strategic plan has enabled us, despite economic obstacles, to make significant progress in goal areas including long term financial security, a fair and accountable workers compensation system, improved customer service and the promotion of health and safety in PEI workplaces.

In 2002, the board has clearly illustrated its on-going commitment to the financial security of the workers compensation system. I am pleased to report that we have successfully implemented year one objectives of a funding strategy to eliminate the unfunded liability, prioritized communications efforts to keep our stakeholders informed and implemented an approach to evaluating financial performance through statistical indicators on a monthly basis. Financial security guarantees comprehensive benefits for workers and affordable workplace insurance for employers.

A number of board initiatives in 2002 were aimed at improved system accountability and fairness. Once again, we have documented Strategic Plan Highlights in our Annual Report in an effort to update stakeholders on our performance and progress toward strategic planning goals. A comprehensive stakeholder survey strategy has been endorsed by the board and the first workers satisfaction survey, conducted in the Spring of 2002, provides a valuable benchmark for measuring performance. Also, in 2002, the board finalized and implemented a comprehensive set of governance policies which define management and monitoring expectations for the organization.

The evolution of a service quality culture has begun within the board. Service delivery indicators are monitored on a monthly basis and show improving trends in areas such as access to benefits and return to work services. Other service delivery priorities in 2002 included the effective communication of Workers Compensation Act amendments and the on-going development and maintenance of board policy and procedure. We are dedicated to the continued evolution of this service quality culture within the board.

Promoting healthy and safe workplaces for Islanders was of paramount importance for the board in 2002. During the past year we have fostered "safety first" thinking in PEI workplaces through the development and integration of health and safety curriculum into the provincial school system, hosting the 3rd annual Health and Safety Conference, developing prevention strategies for high risk injuries and conducting safety committee and safety program workshops. We recognize that efforts in the area of accident prevention have the greatest potential for positive impacts on the workers compensation system for all stakeholders and remain committed to the reduction of workplace accidents and injuries through prevention.

I wish to thank and congratulate the board on their commitment to serving Islanders through an effective workers compensation system, and extend my appreciation to the entire staff for their on-going dedication and hard work.

James M. Lee
Chair

103-04831/

Message du président

Les incertitudes économiques qui affectent l'Î.-P.-É., le Canada et le monde ont présenté bien des défis à la Commission des accidents du travail de l'Î.-P.-É. en 2002. Toutefois, en se concentrant sur les résultats tels qu'ils sont définis dans notre plan stratégique, nous avons été capables, en dépit des difficultés économiques, de réaliser des progrès importants dans les groupes d'objectifs, notamment la sécurité financière à long terme, un système de rémunération des travailleuses juste et responsable, un service à la clientèle amélioré et la promotion de la santé et de la sécurité dans les lieux de travail de l'Î.-P.-É.

En 2002, la Commission a clairement indiqué qu'elle maintiendrait son engagement à la sécurité financière du système de rémunération. Je suis heureux de dire que nous avons réussi à mettre en œuvre les objectifs de la première année d'une stratégie de financement visant à éliminer les dettes non provisionnées, à accorder la priorité aux efforts de communication permettant de communiquer avec nos interlocuteurs et à mettre en œuvre une façon d'évaluer le rendement financier au moyen d'indicateurs statistiques sur une base mensuelle. La sécurité financière garantit des bénéfices complets aux travailleurs et une assurance en milieu de travail à un coût abordable pour les employeurs.

Certaines initiatives de la Commission en 2002 visaient à rendre le système plus responsable et équitable. Une fois encore, nous avons documenté les points saillants du plan stratégique dans notre rapport annuel pour tenter de mettre les intervenants au courant de notre rendement et de nos progrès dans la réalisation de nos objectifs de planification stratégique. La Commission a donné son aval à une stratégie générale d'enquête des intervenants, et la première enquête de satisfaction des travailleurs qui a été menée au printemps de 2002 a fourni un point de référence valable pour mesurer le rendement. Également, en 2002, la Commission a terminé la formulation et le mise en œuvre d'un ensemble complet de politiques de régie interne qui définissent les attentes de l'organisme en ce qui a trait à la gestion et à la surveillance.

L'évolution d'une culture de la qualité du service a commencé à se manifester dans la Commission. Les indicateurs de la prestation du service sont surveillés sur une base mensuelle et ils montrent les tendances à l'amélioration dans des domaines tels que l'accès aux prestations et les services concernant le retour au travail. Les autres priorités affectant la prestation des services en 2002 comprenaient la communication efficace des modifications à la Workers Compensation Act (Loi sur les accidents du travail) et la formulation continue et le maintien des politiques et procédures de la Commission. À l'intérieur de la Commission, nous sommes entièrement dévoués à l'évolution continue d'une culture de qualité du service.

En 2002, la Commission a attaché la plus haute importance à la promotion de la santé et de la sécurité dans les milieux de travail des Insulaires. Au cours de la dernière année, nous avons encouragé les milieux de travail de l'Î.-P.-É. à penser « sécurité avant tout » par l'élaboration et l'intégration d'un programme de santé et sécurité dans le réseau scolaire provincial, en accueillant la 3e conférence annuelle sur la santé et la sécurité, en mettant de l'avant des stratégies de prévention des blessures à haut risque et en tenant des ateliers sur les comités de sécurité et les programmes de sécurité. Nous sommes conscients que les efforts dans le domaine de la prévention des accidents ont le plus de chance d'avoir des répercussions positives sur le système d'indemnisation des accidents du travail pour tous les intervenants et nous poursuivons notre engagement à réduire les accidents et les blessures en milieu de travail par la prévention.

J'aimerais remercier et féliciter la Commission pour son engagement à servir les Insulaires au moyen d'un système efficace de compensation des travailleurs, et témoigner de mon estime à tout le personnel pour son travail et son dévouement de tous les instants.

Le président,

James M. Lee

Message From the Chief Executive Officer

In 2002, the Workers Compensation Board (WCB) continued to demonstrate its commitment to serving Islanders. Significant progress was made towards achieving our strategic planning goals as we continued our efforts to build a client-centred service culture. Major areas of focus included communication and accountability, education initiatives, improved technology and stronger human resources.

Communicating openly and being accountable to our stakeholders is of paramount importance to us. We believe that consultation enables us to learn from our clients so that we can address challenges and embrace opportunities. In 2002 we met with workers and employers to review our annual report, and to discuss progress toward our corporate goals via an evaluation of our financial and performance indicators. We also conducted our first worker satisfaction survey and gained essential feedback about the needs and expectations of injured workers. The survey results were made public and have helped the Workers Compensation Board focus on areas of improvement, as well as providing a benchmark for measuring the quality of service in the future.

Through education initiatives, employers and workers were provided with opportunities to enhance their knowledge of how to reduce workplace accidents and help injured workers successfully recover and return to work. More than 250 participants attended our 3rd annual workplace health and safety conference where Martin Lesperance provided a keynote address and topics such as workplace stress, young worker safety and soft tissue injuries were discussed. Island wide workshops were conducted to help workers and employers understand about health and safety programs and significant progress was made on the development and integration of workplace health and safety principles into the provincial school system.

Improving services for injured workers through feedback and communication continued to be a priority. A two year review of all client services policies was completed and I thank workers and employers for their valuable contribution to the review process. We continued to monitor performance indicators with the two-tier service delivery model and began developmental work on acquiring a new client services system that will help us to respond more effectively to the needs of our clients. Health service providers were provided with the opportunity to attend a knowledge sharing forum on the topic of injury and pain where we were pleased to have the participation of Island physicians in a panel presentation.

Greater flexibility was provided to many employers who opted to participate in our monthly assessment payment plan. Through the feedback and input of employers, a new monthly employer statement of account was introduced which resulted in an improved presentation of information and a reduction in large volumes of mail. In 2003, we look forward to conducting an employer satisfaction survey to help us to better understand the needs of employers.

I believe that being able to provide exceptional client service ultimately rests with the quality of services provided by our staff. To ensure our success in this regard, staff participated in education sessions to better understand how their individual roles and behaviours related to organizational values and quality service principles. I am confident that we are building an organization with quality people who are dedicated to fostering a client-centred service culture for the future.

My thanks go to the Board of Directors, the staff of WCB and our stakeholders for making 2002 a successful year for the workers compensation system in Prince Edward Island.

Carol Anne Duffy

Chief Executive Officer

Message de la directrice générale

En 2002, la Commission des accidents du travail (CAT) n'a pas cessé de démontrer son engagement à servir les Insulaires. Nous avons réalisé des progrès remarquables dans l'atteinte de nos objectifs de planification stratégique en poursuivant nos efforts de mise en place d'une mentalité axée sur le service à la clientèle. Les secteurs d'intervention privilégiés comprenaient les communications et la responsabilisation financière, les initiatives en éducation, l'amélioration des technologies et le renforcement des ressources humaines.

Nous attachons la plus grande importance à communiquer librement et à répondre de nos actes auprès des intervenants. Nous croyons qu'en consultant nos clients nous apprenons à relever les défis et à être à la hauteur de la situation. En 2002, nous avons rencontré les travailleurs et les employeurs afin de passer en revue notre rapport annuel et de discuter des progrès du Conseil dans la réalisation de ses objectifs au moyen d'une évaluation de nos indicateurs financiers et de nos indicateurs de rendement. Nous avons également mené notre première enquête sur la satisfaction des travailleurs et nous avons ainsi obtenu des commentaires indispensables sur les besoins et les attentes des travailleurs blessés. Les résultats de l'enquête ont été rendus publics, et ils ont aidé la Commission des accidents du travail à se concentrer sur les choses à améliorer; ils ont également fourni un point de repère pour mesurer la qualité des services à l'avenir.

Par ailleurs, des initiatives en éducation ont permis aux employeurs et aux travailleurs d'améliorer leurs connaissances en matière de réduction des accidents en milieu de travail et d'aider les travailleurs blessés à bien se rétablir et à retourner au travail. Plus de 250 participants ont assisté à notre 3e conférence annuelle sur la santé et la sécurité en milieu de travail, au cours de laquelle monsieur Martin Lesperance a prononcé un discours important. On y a également abordé des sujets tels que le stress en milieu de travail, la sécurité des jeunes travailleurs et les blessures des tissus mous. De plus, on a dirigé des ateliers partout dans l'Île afin d'aider les travailleurs et les employeurs à comprendre les programmes de santé et de sécurité, et des progrès importants ont été réalisés en matière de développement et d'intégration des principes de santé et de sécurité en milieu de travail dans le réseau scolaire provincial.

L'amélioration des services aux travailleurs blessés par communication des résultats a continué d'être une priorité. Nous avons terminé une révision de deux ans de toutes les politiques de services à la clientèle, et je remercie les travailleurs et les employeurs de leur contribution précieuse au processus de révision. Nous avons continué de surveiller les indicateurs de performance à l'aide du modèle de prestation des services en deux volets, et nous avons commencé les travaux préparatoires en vue de l'acquisition d'un nouveau système de services à la clientèle, lequel nous aidera à mieux répondre aux besoins de nos clients. Les prestataires de services de santé ont eu l'occasion de participer à un forum de partage des connaissances sur le sujet des blessures et des douleurs. Nous étions heureux d'avoir la participation des médecins pour présenter le panel.

Les nombreux employeurs qui ont choisi de participer à notre plan de paiement sur évaluation mensuelle ont profité d'une plus grande flexibilité. Grâce aux réactions et commentaires des employeurs, un nouveau relevé de compte mensuel de l'employeur a fait son apparition, ce qui a permis d'améliorer la présentation des renseignements et de réduire le courrier de beaucoup. En 2003, nous espérons mener une enquête sur la satisfaction des employeurs afin de nous aider à mieux comprendre leurs besoins.

Je crois que la capacité de fournir des services aux clients d'une qualité exceptionnelle repose en dernier ressort sur la qualité des services offerts par notre personnel. Pour garantir notre succès à cet égard, le personnel a participé à des séances de formation afin de mieux comprendre le lien entre son rôle, son comportement et les valeurs organisationnelles ainsi que les principes du service de qualité. Je suis sûr que nous bâtissons une organisation de gens de qualité tournés vers la promotion du service axé sur la clientèle.

Je remercie le conseil d'administration, le personnel de la CAT et les intervenants d'avoir fait de 2002 une année réussie pour le système de compensation des travailleurs et travailleuses de l'Île-du-Prince-Édouard.

La directrice générale,

Carol Anne Duffy

STRATEGIC PLAN 2001–2006

In 2001, the Workers Compensation Board developed and released its first Strategic Plan.

The Annual Report provides an excellent forum for updating stakeholders on progress toward strategic planning goals. This section highlights, by division, significant accomplishments in 2002 and operational objectives for 2003.

Strategic Plan Highlights

Occupational Health and Safety Division

Creating Safe and Healthy Workplaces for Islanders

SUMMARY

The Occupational Health and Safety (OH&S) Division continues to focus efforts toward accident prevention and the promotion of "safety principles" in the workplace. Accomplishments in 2002 illustrate on-going commitment to success in both of these areas.

In summary, OH&S accomplishments include prevention efforts which contributed to a decrease in both the number and cost of workplace accidents in 2002 as compared to 2001, the creation of joint occupational health and safety committees and the development of safety programs in a significant number of Prince Edward Island work sites, a detailed review of Occupational Health and Safety Act regulations and an on-going commitment to protection of our youth through both dedicated resources and partnership initiatives.

ACCOMPLISHMENTS - 2002

Work with the education system to establish a plan to implement Occupational Health and Safety principles within the curriculum of Prince Edward Island school systems

- *Deliver elementary health curriculum* √
- *Develop elementary science curriculum including a safe science poster* √
- *Develop and deliver young worker safety unit for Grade 9* √

Implement the Occupational Health and Safety Act amendments

- *Conduct workshops on the development of workplace safety programs* √

Recommend to government amendments to the Occupational Health and Safety Act regulations

- *Manage work plan for review of regulations* √
- *Establish subcommittee for review of regulations for the farming sector* √

Develop an injury prevention strategy for soft tissue injuries

Create data collection system for soft tissue injury trend analysis √
Review soft tissue injury programs from other WCB jurisdictions √
Release "Let's Stretch" poster for use in workplaces √
Develop work plan for prevention and intervention in high risk industries √

Integrate the "Safety First" thinking in WCB and external work sites

Implement a checklist for safety awareness in the workplace √
Host annual health and safety conference √

Ensure all Prince Edward Island workers and employers have the same level of access, protection, rights and responsibilities for workplace health and safety

Document OHS Council recommendations for amendments to regulations √

OBJECTIVES - 2003

Work with the education system to establish a plan to implement Occupational Health and Safety principles within the curriculum of Prince Edward Island school systems

Deliver health and safety curriculum for Grade 4-6
Develop health and safety curriculum for Grade 7-9
Partner with national and provincial youth safety initiatives

Implement the Occupational Health and Safety Act amendments

Provide on-going assistance in the implementation of workplace safety programs

Recommend to government amendments to the Occupational Health and Safety Act regulations

Complete review of required amendments to regulations
Complete review of regulations required for the farming sector
Participate in Smoke Free Places Act implementation

Develop an injury prevention strategy for soft tissue injuries

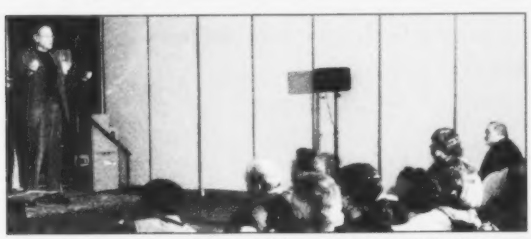
Implement work plan for prevention and intervention in targeted high risk industries
Identify formalized approach to implementing health and safety across PEI

Integrate the "Safety First" thinking in WCB and external work sites

Provide on-going support for WCB staff and external work sites

Ensure all Prince Edward Island workers and employers have the same level of access, protection, rights and responsibilities for workplace health and safety

Prepare proposed amendments to the Occupational Health and Safety Act regulations



Keynote speaker, Martin Lesperance, delivers seminar at WCB's 3rd annual Workplace Health and Safety Conference.

Strategic Plan Highlights

Client Services Division

Quality Service for Injured Workers

SUMMARY

The Client Services Division is committed to on-going improvement in the delivery of services to workers. In 2002, the division successfully applied new case management approaches introduced in 2001.

In summary, service delivery priorities included listening to worker feedback, communication and training on legislative amendments, introduction of clear policy and procedures, formalization of health care provider service expectations and the development of an in-house service quality culture.

ACCOMPLISHMENTS - 2002

Formalize service delivery contracts between WCB and service providers

Finalize contracts with medical society and physiotherapist association	√
Host forum for information sharing on the topic injury and pain	√

Introduce required policy relative to service providers

Finalize policy for physiotherapy treatment	√
Initiate discussions with medical society on return to work	√

Implement a two-tier delivery model for service to injured workers

Implement monthly tracking of "receipt of first payment" indicator	√
Conduct injured worker survey	√
Develop action plan for issues identified in the injured worker survey results	√

Implement Workers Compensation Act amendments

Develop required amendments to Workers Compensation Act regulations	√
Implement policy to support implementation of amendments	√
Provide training for staff on application of amendments	√
Communicate information on amendments to workers and employers	√
Develop education materials for implementation of "return to work"	√
Formalize work plan for development of required procedures	√

Maintain legislation, policy and workflow system which support effective service delivery

Develop and implement a strategy to address Estimating Earnings Capacity Committee recommendations	√
Complete major review of all client services policies	√

Implement service improvement through technology

Target common drug formulary for collaboration with Atlantic jurisdictions √
Complete initial review of new client services system directions √
Develop work plan to implement direct deposit for long term payments √

OBJECTIVES - 2003

Formalize service delivery contracts between WCB and service providers

Finalize contract with chiropractic association
Initiate contract discussions with pharmacists association

Introduce required policy relative to service providers

Revisit policy on chiropractic treatment
Develop policy on drug therapy and other medical aid services
Finalize policy on healing times

Implement a two-tier delivery model for service to injured workers

Identify additional service delivery indicators
Implement case management and decision audit processes
Achieve worker survey action plan objectives

Implement Workers Compensation Act amendments

Focus on education and implementation of "return to work"
Develop required procedures to support staff

Maintain legislation, policy and workflow systems which support effective service delivery

Formalize methodology to maintain service delivery policy

Implement service improvement through technology

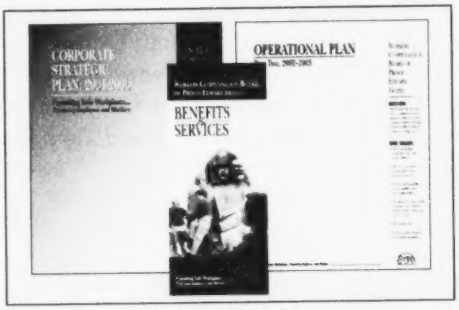
Partner with Atlantic jurisdictions to review drug formulary options
Implement new client services system
Implement direct deposit for long term payments
Investigate automation of payments to physicians

Jim Lee, (left), chair of WCB, Debbie Nicholson, health and safety committee representative, and Douglas MacKenzie, owner of the Dr. John Gillis Memorial Lodge, review WCB's Let's Stretch poster designed to help reduce soft tissue injuries in Island workplaces.

Strategic Plan Highlights

Corporate Services Division

Focused on Operational Effectiveness



WCB publications such as the Strategic Plan 2001-2006, Operational Plan, Benefits and Services pamphlet and other general information resources are available on the WCB website: www.wcb.pe.ca

SUMMARY

The Corporate Services Division develops and maintains the internal infrastructure required for WCB to provide consistent quality services to clients. Financial condition improvement through financial planning, performance measurement, effective use of technology and infrastructure planning have been key result areas for this division in 2002.

In summary, Corporate Services Division accomplishments include implementation and monitoring of a funding strategy, monthly analysis of financial condition, delivery of expanded services to employers, achievement of technology business plan goals, and the introduction of a mechanism for stakeholder feedback.

ACCOMPLISHMENTS - 2002

Develop and implement a funding strategy for elimination of the unfunded liability

Incorporate funding strategy into rate setting for 2003 √

Facilitate an understanding among staff of the current financial condition

Present the 2001 annual report to staff and stakeholders √
Present 2002 quarterly forecasts to Board and staff √
Communicate monthly performance measures to staff √
Develop and implement an action plan for accounts receivable improvement √

Implement and communicate financial performance measures

Provide monthly financial measures to Board √
Implement measurement requirements for funding strategy √

Update stakeholders on progress toward corporate goals

Organize annual operational planning review and update for Year 3 √
Incorporate annual review of Strategic Plan in WCB Annual Report √

Develop and implement a process for updating stakeholders on performance results and progress toward strategic planning goals

Conduct worker satisfaction survey √
Communicate worker satisfaction benchmark results √

Establish corporate governance policies for the Board of Directors

Educate staff and implement governance policies √

Review existing and establish long term performance measures

Review current financial condition, service delivery and prevention measures √

Implement service improvement through technology

Implement centralized approach for procurement of technology resources	√
Facilitate decision on new client services system	√
Develop desktop replacement strategy	√
Enhance functionality to support long term payments through direct deposit	√
Re-design WCB website	√
Support collaboration among Atlantic jurisdictions	√

Foster a mutual understanding of the role of WCB with stakeholder groups

Introduce common look for WCB publications and materials	√
Encourage participation by stakeholder groups in WCB initiatives	√
Implement expanded payment options for employers	√
Facilitate review of rate setting and classification processes	√

OBJECTIVES - 2003

Develop and implement a funding strategy for elimination of the unfunded liability

Monitor revenue and benefit liability results with respect to the funding strategy

Facilitate an understanding among staff of the current financial condition

Present the 2002 annual report to staff and stakeholders
Present 2003 quarterly forecasts to Board and staff
Communicate monthly performance measures to staff

Implement and communicate financial performance measures

Provide monthly financial measures to Board

Update stakeholders on progress toward corporate goals

Review Year 3 progress toward strategic planning goals with stakeholders
Complete operational planning and strategic plan review for Year 3
Organize annual operational planning review and update for Year 4
Initiate Corporate Strategic Plan review

Develop and implement a process for updating stakeholders on performance results and progress toward strategic planning goals

Conduct employer satisfaction survey
Communicate employer satisfaction benchmark results

Review existing and establish long term performance measures

Produce new service delivery indicators

Implement service improvement through technology

Manage implementation of new client services system
Implement desktop replacement strategy
Support technology collaboration among Atlantic jurisdictions

Foster a mutual understanding of the role of WCB with stakeholder groups

Develop WCB orientation program for employers and workers
Promote the roles, responsibilities and objectives of WCB to public
Propose organizational branding review including change of name
Complete review of rate setting and classification processes

Strategic Plan Highlights

Human Resources Division

Quality Service through People

SUMMARY

The Human Resources Division is responsible for managing personnel administration including providing support for staff through times of significant change, managing recruitment challenges and implementing organizational controls to simplify human resource management processes.

In summary, in 2002, the Human Resources Division reorganized and assumed overall responsibility for both payroll and personnel functions, worked with staff in the understanding of individual roles and behaviours related to organizational values and introduced organizational expectations for staff to demonstrate quality service principles.

ACCOMPLISHMENTS - 2002

Clarify and communicate staff roles and responsibilities

Conduct sessions for staff on their role in the organization √

Develop a professional service and quality culture

Provide a forum for relating specific staff behaviours to organizational values √

Review results of worker satisfaction survey related to service quality √

Identify long term permanent staff requirements

Create three new permanent positions - Policy, Legal, Communications √

Facilitate on-going staff development

Budget for investment in staff √

Identify service quality project as objective of worker survey action plan √

OBJECTIVES - 2003

Clarify and communicate staff roles and responsibilities

Encourage staff feedback through staff survey

Develop a professional service and quality culture

Identify goals and action required for service quality project

Facilitate on-going staff development

Budget for investment in staff

Identify immediate and long term training needs for the organization

Action staff training needs through Performance Development process

Financial Information

Actuarial Certificate

ACTUARIAL CERTIFICATE

We have completed an actuarial valuation of the benefits liabilities for insured employers under the Workers Compensation Act of Prince Edward Island as at December 31, 2002, for the purpose of providing input to the Financial Statements of the Board.

Our estimate of the benefits liabilities of $95,944,000 represents the actuarial present value at December 31, 2002, of expected benefit payments of all types which will be made in future years, and which relate to claims arising from events that occurred on or before December 31, 2002. As in previous valuations, the benefits liabilities do not include any provision for future claims related to occupational disease or for future expenses of administration of existing claims. No allowance has been made for any possible future deviations from the present policies and practices of the Board or for the extension of new coverage types.

All liabilities have been calculated using an underlying assumption of 3.75% real rate of return on invested assets. Rates of increase in the Consumer Price Index are assumed to be 4.0% per annum.

The liabilities, in respect of short-term disability, lump-sum payments, hospital, medical aid, and rehabilitation benefits, have been determined from projections of future claim payments. These projections have been based on factors developed from the Board's claims experience and average benefit rates in recent years.

Additional information regarding our actuarial valuation is provided in our more detailed valuation report to the Board.

We have reviewed the data which were used for the valuation to test for reasonableness and consistency with the data available from other sources. However, it must be emphasized that limited data is available in terms of the effect of wage loss procedures on future permanent awards liabilities. In addition, there is normal volatility in the payment patterns with respect to the other future awards liability categories, due to their relatively low claims volumes. In our opinion, the data are sufficient and reliable for the purpose of this valuation.

In our opinion, the actuarial assumptions are appropriate for the purpose of the valuation and the methods employed are consistent with sound actuarial principles. Our valuation report has been prepared and our opinions have been given in accordance with accepted actuarial principles.

Paul Conrad

Paul G. Conrad FCIA, FSA, MAAA
Eckler Partners Ltd.
February 28, 2003

Auditors' Report

Grant Thornton

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Members of the Board of the Workers Compensation Board of Prince Edward Island

We have audited the balance sheet of the Workers Compensation Board of Prince Edward Island as at December 31, 2002 and the statements of operations and unfunded liability and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2002 and the results of its operations and changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Charlottetown, Prince Edward Island
February 13, 2003

Grant Thornton LLP
Chartered Accountants

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Financial Statements

STATEMENTS OF OPERATIONS AND UNFUNDED LIABILITY

Year Ended December 31	2002	2001
Revenues		
Current assessments	**$22,797,397**	$21,405,488
Self insured employers (Note 12)	**2,117,809**	2,533,457
Investments (Note 4)	**1,348,406**	2,520,952
Recoverable administration fees and interest charges per Strait Crossing Joint Venture agreement	**—**	271,750
Recoverable administration fees and interest charges to self insured employers (Note 12)	**513,098**	514,111
	26,776,710	27,245,758
Expenditures		
Changes in actuarial assumptions and methodology (Note 7)	**—**	515,000
Expected increase (Note 7)	**7,242,000**	6,764,000
Experience gains and losses (Note 7)	**(3,713,498)**	(1,692,794)
Claims costs incurred (Note 7)	**11,376,000**	12,630,000
Claims costs incurred self insured employers (Note 12)	**2,117,809**	2,533,457
	17,022,311	20,749,663
	9,754,399	6,496,095
Administration (Page 31)	**4,707,546**	4,607,019
Occupational health and safety, and other (Note 10)	**649,809**	580,159
Workers' Adviser Program (Note 11)	**108,221**	102,823
Appeals Tribunal (Note 11)	**16,727**	23,587
Loss on disposal of fixed assets	**—**	13,043
	5,482,303	5,326,631
Excess of revenues over expenditures	**$4,272,096**	$1,169,464
Unfunded liability, beginning of year	**$(29,919,258)**	$(31,088,722)
Excess of revenues over expenditures	**4,272,096**	1,169,464
Unfunded liability, end of year	**$(25,647,162)**	$(29,919,258)

See accompanying notes to the financial statements.

Financial Statements

BALANCE SHEET

December 31	2002	2001
Assets		
Receivables (Note 3)	**$1,330,202**	$7,661,325
Investments (Note 4)	**67,735,407**	56,291,379
Capital assets (Note 5)	**2,415,657**	2,584,277
	$71,481,266	$66,536,981
Liabilities and Net Fund Deficiency		
Bank indebtedness (Note 6)	**$ —**	$715,422
Payables and accruals	**486,619**	331,423
Benefits liabilities (Note 7)	**95,944,000**	94,470,000
Capital lease obligation (Note 8)	**104,461**	196,026
Debenture payable (Note 9)	**593,348**	743,368
	97,128,428	96,456,239
Net fund deficiency and unfunded liability (Note 14)	**(25,647,162)**	(29,919,258)
	$71,481,266	$66,536,981

Contingent liabilities (Note 13)

On behalf of the Board

Chairman

Chief Executive Officer

See accompanying notes to the financial statements.

Financial Statements

STATEMENT OF CASH FLOWS

Year Ended December 31	2002	2001
Cash flow from operating activities		
Cash received from:		
Employers for assessments	**$22,689,303**	$21,122,340
Self insured employers for assessments	**2,184,574**	2,540,518
Investments and other	**1,420,858**	2,442,293
Strait Crossing project account	**6,300,000**	—
	32,594,735	26,105,151
Cash paid:		
To claimants or third parties on their behalf	**(15,548,311)**	(18,007,541)
For administration requirements and other goods	**(1,329,162)**	(901,574)
For salary to employees	**(3,207,809)**	(3,683,051)
Interest on long term debt and capital leases	**(48,365)**	(74,638)
	(20,133,647)	(22,666,804)
Net cash provided by operating activities	**12,461,088**	3,438,347
Cash flow from investing activities		
Cash (paid for) received from:		
Proceeds on sale of capital assets	—	11,400
Purchase of capital assets	**(60,053)**	(59,744)
Net cash used by investing activities	**(60,053)**	(48,344)
Cash flow from financing activities		
Cash (paid for) received from:		
Decrease in bank indebtedness	**(715,422)**	(4,429,882)
Repayment on capital leases	**(91,565)**	(86,792)
Repayment of long term debt	**(150,020)**	(133,672)
Net cash used by financing activities	**(957,007)**	(4,650,346)
Net increase (decrease) increase in cash and investments	**11,444,028**	(1,260,343)
Cash and investments		
Beginning of year	**56,291,379**	57,551,722
End of year	**$67,735,407**	$56,291,379

See accompanying notes to the financial statements.

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2002

1. Nature of operations

The Workers Compensation Board of Prince Edward Island (the Board) was established by the Prince Edward Island Legislature in 1949 under the Workers Compensation Act (the Act). The Board is responsible, in accordance with the provisions of the Act, for administering the payment of benefits to or on behalf of recovering workers; levying and collecting assessment revenues from established classes of employers in amounts sufficient to cover the current and future costs of existing claims; and investing funds, following investment policies which are approved by the Board within the guidelines established by the Act, and for administering the Occupational Health and Safety Act. On January 1, 1995 the current Act became effective.

The Board does not receive government funding.

2. Summary of significant accounting policies

Cash and investments
Cash and investments include cash on hand, balances with banks, net of bank overdrafts, and the Board's share of investments held in a pooled fund with the Workplace Health, Safety and Compensation Commission of New Brunswick. Bank borrowings are considered to be financing activities.

Accrued assessments receivable
At the beginning of each year, an assessment is levied on non-monthly employers by applying industry assessment rates to their estimated payrolls. During the year, employers' actual payrolls may vary from their estimate, therefore, at year end, accrued assessments receivable are adjusted based on payroll adjustments from the prior year. The accrued assessments are determined excluding those employers whose assessment is levied on a monthly basis.

Investments
Fixed term investments are carried at amortized cost. Gains or losses realized on disposal of fixed term investments are amortized on a straight line basis over a nine year period, which approximates the period to maturity.

Equity investments and option contracts are stated at moving average market value. A portion of unrealized gains and losses occurring during the year, together with gains and losses realized on disposal of equity investments, are deferred and amortized on a straight line basis over a five and four year period.

Equity investments denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the end of the year. Income from equities is translated at the rate in effect at the time the income is received.

2. Summary of significant accounting policies (con't)

Capital assets
Property and equipment are reported at cost and are depreciated over their estimated lives on the straight line basis for building and computer equipment under capital lease and on the declining balance basis for furniture and equipment, and computer programs and equipment. The rates used are as follows:

Building	40 years,	straight line
Furniture and equipment	10%,	declining balance
Computer programs and equipment	20%,	declining balance
Computer equipment under capital lease	5 years,	straight line

Benefits liabilities
An independent consulting actuary completes a valuation of the components of the benefits liabilities of the Board on an annual basis.

The benefits liabilities represent the actuarial present value of all future benefits payments expected to be made for claims which occurred in the current fiscal year or in any prior year. The benefits liabilities include provision for all benefits provided by current legislation policies and/or administrative practices in respect of existing claims. No provision has been made for future claims related to latent occupational disease because they cannot be reasonably estimated.

Financial instruments
The Board's financial instruments consist of cash, accounts receivable, temporary and long-term investments, bank indebtedness, accounts payable, capital lease obligations, and long-term debt. Unless otherwise noted, it is management's opinion that the Board is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

3. Receivables	**2002**	2001
Assessments	**$1,090,935**	$941,321
Other	**103,978**	176,430
Self-insured employers	**135,289**	202,054
Strait Crossing Joint Venture	**—**	6,341,520
	$1,330,202	$7,661,325

4. Investments	**2002**	2001
Money market (market value - $5,265,812; 2001 - $839,932)	**$5,340,968**	$881,191
Fixed term investments (market value - $20,260,406; 2001 - $21,048,043)	**20,325,828**	22,043,526
Equities (market value - $38,868,431; 2001 - $36,032,195)	**41,301,672**	35,773,394
	66,968,468	58,698,111
Deferred realized investment losses (gains)	**766,939**	(2,406,732)
	$67,735,407	$56,291,379
Deferred realized investment (losses) gains		
Balance, beginning of the year	**$2,406,732**	$3,818,088
Realized net investment (losses) gains for the year	**(2,308,862)**	487,298
	97,870	4,305,386
Amortization to investment income	**(864,809)**	(1,898,654)
Balance, end of the year	**$(766,939)**	$2,406,732
Investment income		
Earned during the year, net of portfolio management expenses	**$1,444,439**	$1,096,392
Amortization of deferred realized investment gains	**864,809**	1,898,654
Amortization of deferred unrealized investment losses	**(960,842)**	(474,094)
	$1,348,406	$2,520,952

At December 31, 2002 the carrying value of investments was $67,735,407, where as the market value of these investments was $64,394,649, a difference of $3,340,758. No write-down to market value has been made as the decline is seen by management to be temporary in nature.

Investment Agreement
The Board has entered into an Investment Agreement (January 1995) for the management of its investment assets with those of the Workplace Health, Safety and Compensation Commission of New Brunswick. These financial statements report the Board's proportionate share of the investment assets held in the pooled fund which was 9.7% at December 31, 2002 (2001 – 9.2%). The Board pays a fee to the Workplace Health, Safety and Compensation Commission of New Brunswick for the administration of the combined investments.

Foreign exchange risk management
The Board has certain investments denominated in foreign currencies. The Board does not undertake long term hedging strategies for the currency risk of foreign investments. Currency fluctuations may affect investment returns.

Credit risk management
Credit risk on fixed term investments arises from the possibility that the issuer of an instrument fails to meet its obligation to make interest payments and repay principal. Policy guidelines have been established surrounding the pooled fund to ensure fixed term investments have a credit rating of A or higher.

4. Investments (con't)

Interest risk management
Fluctuations in interest rates are managed by varying the duration of the fixed income portfolio. The table below presents the remaining term to maturity of the Board's outstanding fixed term investments.

	Remaining Term to Maturity				
	Within 1 Year	From 1 Year to 5 Years	Over 5 Years	Total 2002	Total 2001
Fixed term investments (market value)	$809,369	$7,551,878	$11,899,159	$20,260,406	$21,048,043

The average effective yield of these fixed term investments is 4.56% (2001 – 4.82%) per annum based on market value.

5. Capital assets

	Cost	Accumulated Depreciation	**Net Book Value** 2002	Net Book Value 2000
Land	$368,460	$ —	**$368,460**	$368,460
Building	1,237,131	195,432	**1,041,699**	1,061,082
Furniture and equipment	2,070,626	1,336,347	**734,279**	755,806
Computer programs & equipment	1,241,620	1,055,731	**185,889**	228,265
Computer equipment under capital lease	426,668	341,338	**85,330**	170,664
	$5,344,505	$2,928,848	**$2,415,657**	$2,584,277

6. Bank indebtedness
The Board has a $3,500,000 unsecured operating line of credit of which nil is used at December 31, 2002.

7. Benefits liabilities

An analysis of the components of and changes in benefits liabilities is as follows:

	Short Term Disability	Long Term Disability	Health Care	Rehabilitation	**Total**	2002 Total	2001 Total
Balance, beginning of year	$4,228,000	$73,341,000	$13,864,000	$3,037,000	**$94,470,000**		$91,727,878
Increase arising from change actuarial assumptions and methodology	—	—	—	—	—		515,000
Expected increase	337,000	5,592,000	1,078,000	235,000	**7,242,000**		6,764,000
Experience gains and losses	(1,071,000)	(1,080,498)	(1,399,000)	(163,000)	**(3,713,498)**		(1,692,794)
	3,494,000	77,852,502	13,543,000	3,109,000	**97,998,502**		97,314,084
Claims costs incurred	3,405,000	3,942,000	3,032,000	997,000	**11,376,000**		12,630,000
	6,899,000	81,794,502	16,575,000	4,106,000	**109,374,502**		109,944,084
Less: Claims payments made	3,170,000	6,314,502	2,947,000	999,000	**13,430,502**		15,474,084
Balance, end of year	$3,729,000	$75,480,000	$13,628,000	$3,107,000	**$95,944,000**		$94,470,000

An independent actuarial valuation of the components of the benefits liabilities as at December 31, 2002 was completed.

Changes in actuarial assumptions and methodology
During 2001 actuarial valuations certain of the assumptions and the methodology used in prior years were changed. The monetary effect is allocated as follows:

	2002	2001
Change in the assumptions surrounding lump sum benefit payments	$ —	$515,000

The monetary effect of the changes in actuarial assumptions and methodology is reflected in the applicable year that the change was adopted.

All liabilities were calculated using the underlying assumption of a 7.75% (2001 - 7.75%) gross rate of return per annum. This results from the assumptions of a 3.75% (2001 – 3.75%) real rate of return on assets and rates of increase in inflation equal to 4% per annum (2001 – 4%).

Benefits liabilities of self-insured employers are not included in the benefits liability. These liabilities will be borne by those employers when paid in future years, they do not add to the Board's unfunded liability or its net fund deficiency.

8. Capital lease obligation

Future minimum lease payments under the capital lease of computer equipment as at December 31, 2002 are as follows:

Minimum lease payments 2003	127,870
Less: Amount representing	
Interest	7,617
Maintenance costs	15,792
	$104,461

9. Debenture payable	**2002**	2001
Unsecured, prime rate debenture maturing in 2006, amortized to 2006 payable in equal monthly payments of $12,502 plus interest.	**$593,348**	$743,368

Principal repayments due in each of the next four years (until maturity) are as follows: 2003 - $150,020; 2004 - $150,020; 2005 - $150,020; 2006 - $143,288.

10. Occupational health and safety

Occupational health and safety are administration costs incurred to provide this program including wages and employee benefits, printing and publications, travel, training, dues and fees, and supplies.

11. Legislative obligations and other related party transactions

The Board is required by the Act to provide an annual grant to the Workers' Adviser Program. During the year, the Board paid $108,221 (2001 - $102,823) of the Program's expenses.

The Board is required by the Act to pay the operating costs of the Appeals Tribunal. During the year, the Board paid $16,727 (2001 - $23,587) to cover the operating costs of the Tribunal.

12. Self insured employers

These financial statements include the effects of significant transactions carried out for self-insured employers, principally the Government of Canada and the Government of Prince Edward Island, who directly bear the costs of their own incurred claims and an appropriate share of administration expenditure. Total amounts of such assessment revenue and offsetting expenses included in the statements of operations and unfunded liability are as follows:

	2002	2001
Current assessment revenue	**$2,117,809**	$2,533,457
Administration fees and interest charges recoverable	**513,098**	514,111
	$2,630,907	$3,047,568
Claims costs incurred		
Short term disability	**$201,416**	$459,558
Long term disability	**1,464,162**	1,427,930
Health care	**425,963**	602,360
Rehabilitation	**26,268**	43,609
	2,117,809	2,533,457
Administration fees and interest charges	**513,098**	514,111
	$2,630,907	$3,047,568

13. Contingent liabilities

Claims

The Board is currently seeking clarification on Subsection 50(4) of the Act. This subsection states that:

> Where a worker is not in receipt of a permanent partial or total disability pension based on a medically assessed disability and was assessed on a wage loss benefit basis after January 1, 1992, but before the date this section comes into force, the wage loss benefits will be payable until
> (a) the loss of earnings capacity ends, as determined by the Board; or
> (b) the worker attains the age of 65 years, provided that where the worker was 63 years of age or older at the commencement of his or her loss of earning capacity, the Board may pay the wage loss benefits for a period of time not to exceed 24 months from the date of the accident.

The Board has been applying this section retroactive to January 1, 1992. The Board has been advised the legislation that became effective January 1, 1995 is not clear as to the retroactivity to January 1, 1992. It has been referred to the courts and will go to the Court of Appeal in April 2003. The outcome of the Court's decision is not determinable. The financial implications of paying benefits to the claimants affected would increase actuarially determined benefit liabilities by approximately $15.7 million. This amount is based on a preliminary actuarial valuation and could change when the final valuation is completed.

13. Contingent liabilities (con't)

Latent occupational diseases
The Board is liable for the future costs of claims relating to certain latent occupational diseases which may have occurred in the current year or previously, but which may not be recognized and reported for a number of years due to the extended latency period of such diseases. Because of the absence of reliable evidence and data pertaining to these matters, the liabilities cannot be reasonably estimated and have not been recorded in the financial statements.

14. Funding Strategy

The Board has committed to a funding strategy that addresses the retirement of the unfunded liability as at December 31, 2001 over 20 years (2002 – 2021) and addresses the refund or recovery of post-December 31, 2001 surpluses or deficits. Each year, a portion of the assessment revenue will be allocated to the December 31, 2001 unfunded liability. The estimated opening balance of the unfunded liability at January 1, 2002 for the funding strategy was $32,000,000.

December 31, 2001 unfunded liability	
December 31, 2001	$(29,919,258)
Adjustment to unfunded liability to agree with funding strategy opening balance	(2,080,742)
	(32,000,000)
Current year allocation	700,000
December 31, 2002	$(31,300,000)

Post-December 31, 2001 operating surplus	
Excess of revenue over expenditures 2002 (Page 2)	$4,272,096
Adjustment to unfunded liability to agree with funding strategy opening balance	2,080,742
Allocation to December 31, 2001 unfunded liability	(700,000)
Post-December 31, 2001 operating surplus	$5,652,838

Net fund deficiency and unfunded liability	$(25,647,162)

A comprehensive review of the funding strategy will be conducted by the Board every 5 years. Commitments to fund the December 31, 2001 unfunded liability to the next comprehensive review date, December 31, 2006, are as follows: 2003 - $800,000; 2004 - $800,000; 2005 - $900,000; and 2006 - $1,000,000.

Any post-December 31, 2001 unfunded liability or operating surplus is to accumulate to December 31, 2006. Any accumulated unfunded liability is to be applied proportionately at the group rate level in years 2007-2011. Any accumulated operating surplus is, at the discretion of the Board, to be refunded through assessment rate decreases in the years 2007-2011 or reduce the amortization time period of the December 31, 2001 unfunded liability.

15. Comparative figures

Certain of the 2001 comparative figures have been reclassified to conform with the presentation adopted for 2002.

SCHEDULE OF ADMINISTRATION EXPENDITURES

Year Ended December 31	**2002**	2001
Building operating cost	**$106,684**	$115,677
Computer maintenance	**166,874**	134,259
Depreciation	**228,673**	277,197
Dues and fees	**34,550**	36,543
Interest on capital lease	**20,455**	31,971
Interest on debenture	**27,910**	42,667
Miscellaneous	**28,852**	49,214
Postage	**84,071**	90,613
Printing and office supplies	**132,421**	127,609
Professional development	**19,513**	24,482
Professional fees	**474,793**	286,935
Salaries		
Board members	**93,887**	89,525
Staff members	**2,652,385**	2,669,499
Benefits	**461,537**	440,970
Telephone	**67,453**	82,024
Travel	**107,488**	107,834
	$4,707,546	$4,607,019

Statistical Summary

Workplace Accident Summary

Historical number of claims, broken down by claim type as of March 31 of the following year, cost of claims incurred regardless of accident year and assessment revenue.

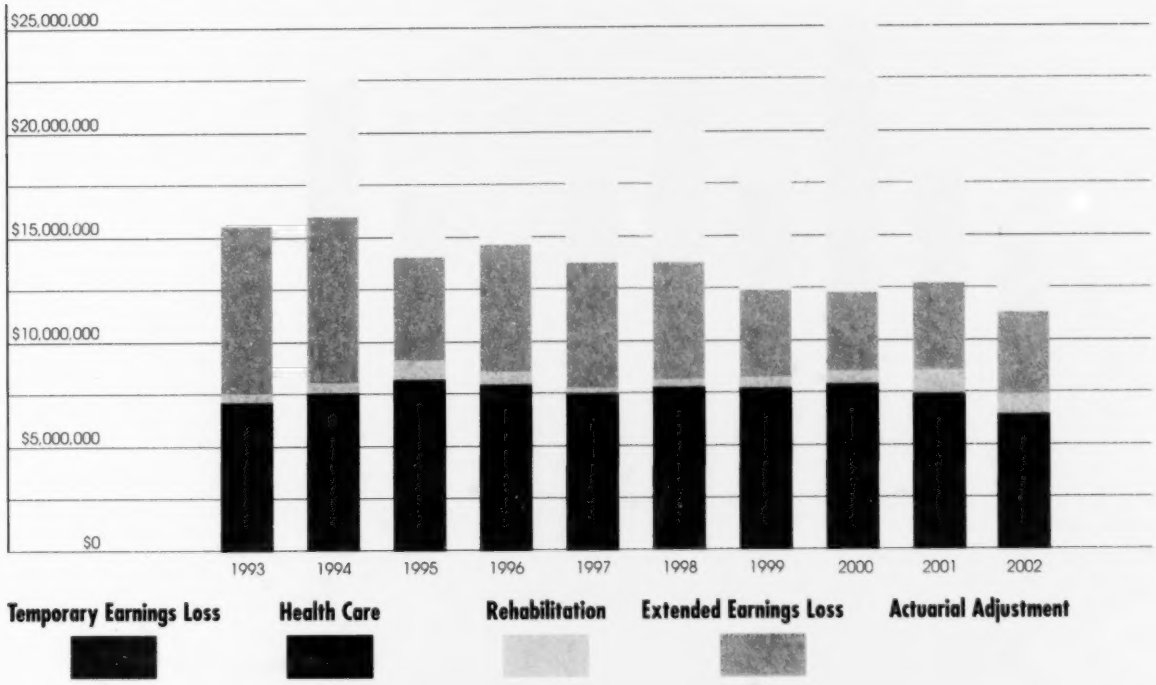
	Fatal Accidents	+ Temporary Wage Loss [2]	+ Medical Aid Only	+ Non-Compensable	= Total No. of Claims	Extended Wage Loss	CN Railway and Air Canada [1]	Marine Atlantic [1]	Federal Government [1]	Provincial Government [1]	Cost of Claims	Assessments
1981	1	1631	1516	494	3642	20	14	70	132	292	3,174,414	4,406,811
1982	5	1505	1387	575	3472	37	15	75	172	482	3,631,133	4,238,336
1983	3	1627	1624	651	3905	30	12	66	139	320	3,177,889	4,952,590
1984	1	1531	1586	668	3786	44	10	49	146	367	3,399,864	5,124,608
1985	3	1794	1671	888	4356	39	9	44	149	444	4,949,476	5,554,416
1986	1	1927	1691	927	4546	48	10	36	117	451	5,549,695	5,826,342
1987	3	2073	1866	1038	4980	39	10	35	127	467	6,453,715	6,022,278
1988	0	2438	2205	1271	5914	54	7	49	160	550	7,241,886	8,341,288
1989	4	2457	2147	1226	5834	81	4	69	122	547	8,582,012	10,343,471
1990	3	2561	2371	1101	6036	96	1	93	198	830	13,966,548	13,680,270
1991	5	2256	2294	1140	5695	47	5	83	148	754	16,286,550	15,616,903
1992	3	2131	2152	1251	5537	11	5	87	173	754	16,940,625	16,171,750
1993	2	1978	2155	1185	5320	6	5	120	171	635	15,546,561	17,253,765
1994	3	2099	2296	1193	5591	44	5	81	223	617	22,554,399	16,452,126
1995	2	2449	2929	1457	6837	23	4	88	218	520	16,990,032	18,553,225
1996	3	2445	2811	1430	6689	18	3	85	164	281	16,590,191	18,601,376
1997	3	1818	2178	1080	5079	27	3	35	190	231	17,772,928	17,518,044
1998	3	2041	2132	991	5167	21	6		169	229	22,343,518	19,156,310
1999	4	2105	2180	1236	5525	9	3	0	187	286	20,096,096	19,616,511
2000	0	2066	2132	1531	5729	7	5	0	192	321	25,310,461	21,028,716
2001	4	1659	2172	1510	5345	3	5	0	198	319	20,749,663	23,938,945
2002	1	1054	2282	1465	4802	0	2	0	164	232	17,002,311	24,915,206

[1] Denoted Self Insured Employers

[2] As of April 1, 2002, PEI has a waiting period equivalent to 60% of weekly compensation being required before compensation is payable, therefore the number of lost time claims listed in this report may not reflect every lost time injury for this province as of March 31 of the following year.

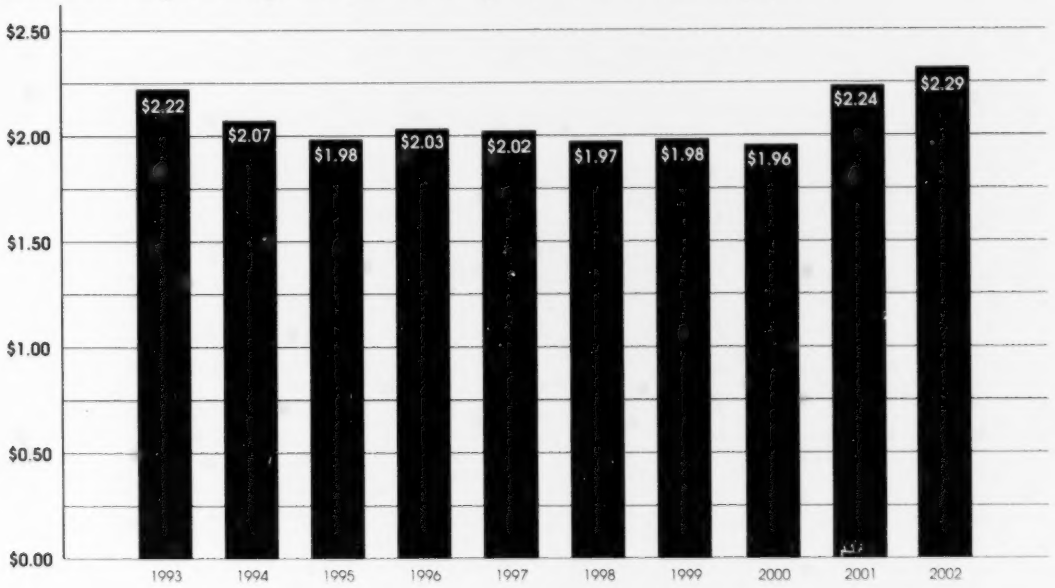
Summary of Cost Incurred by Type of Benefit

Costs incurred regardless of accident year, as of fiscal year end, by type of benefit including actuarial adjustment.



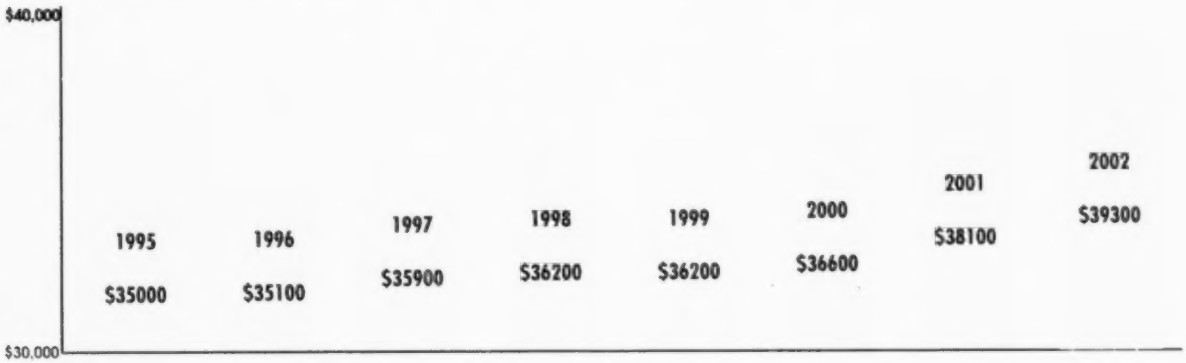
Average Assessment Rate

Historical target average assessment rate per $100 of assessable payroll



Maximum Assessable/Insurable Earnings

Historical maximum level of earnings per worker upon which employer assessments and worker benefits are calculated.



Historical Benefit Level

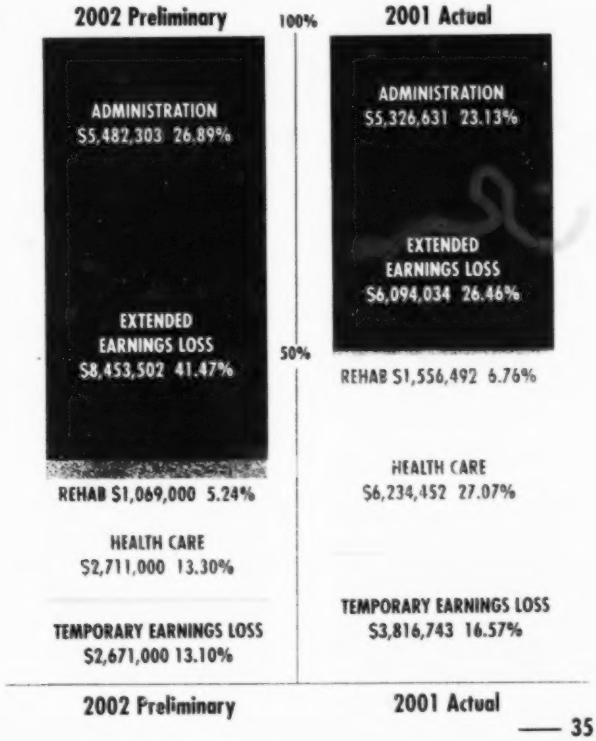
Until 1951 — 66 2/3% of gross earnings
Effective January 1, 1951 – 75% of gross earnings
Effective January 1, 1995 – 80% (85% after 39 weeks) of net earnings
Effective April 1, 2002 – 80% (85% after 38 weeks) of net earnings

Waiting period

Original Act — 7 days
Effective 1951 — 4 days
Effective 1962 — 1 day
Effective April 1, 2002 — 60% of average weekly earnings

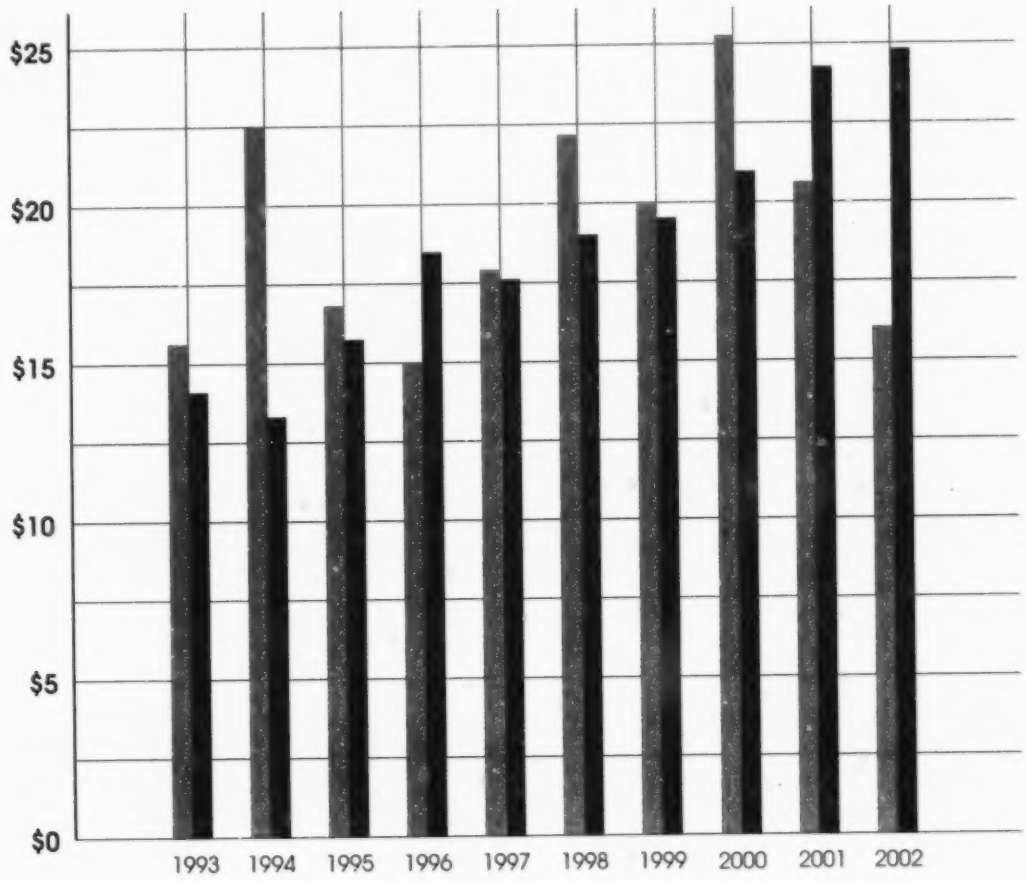
Expenditure Distribution

Total and percent of costs incurred, regardless of accident year, as of fiscal year end.



Benefit Cost versus Assessment Revenue 1993-2002

Total Benefit Cost incurred versus total assessment revenue, regardless of accident year, as of fiscal year end.



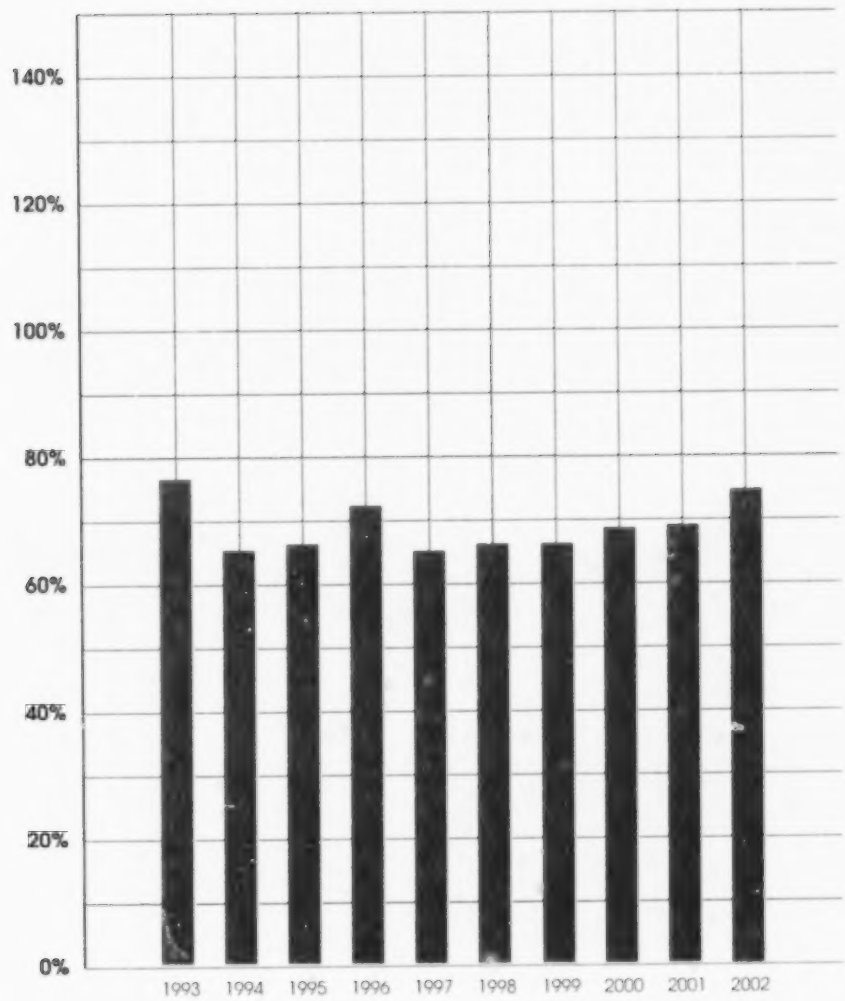
Benefit Costs

Assessment Revenues

	Benefit Costs	Assessment Revenues
	$ Millions	$ Millions
1993	15.54	14.19
1994	22.55	13.36
1995	16.99	15.79
1996	14.95	18.60
1997	18.02	17.51
1998	22.34	18.88
1999	20.09	19.61
2000	25.31	21.02
2001	20.75	23.94
2002	17.02	24.92

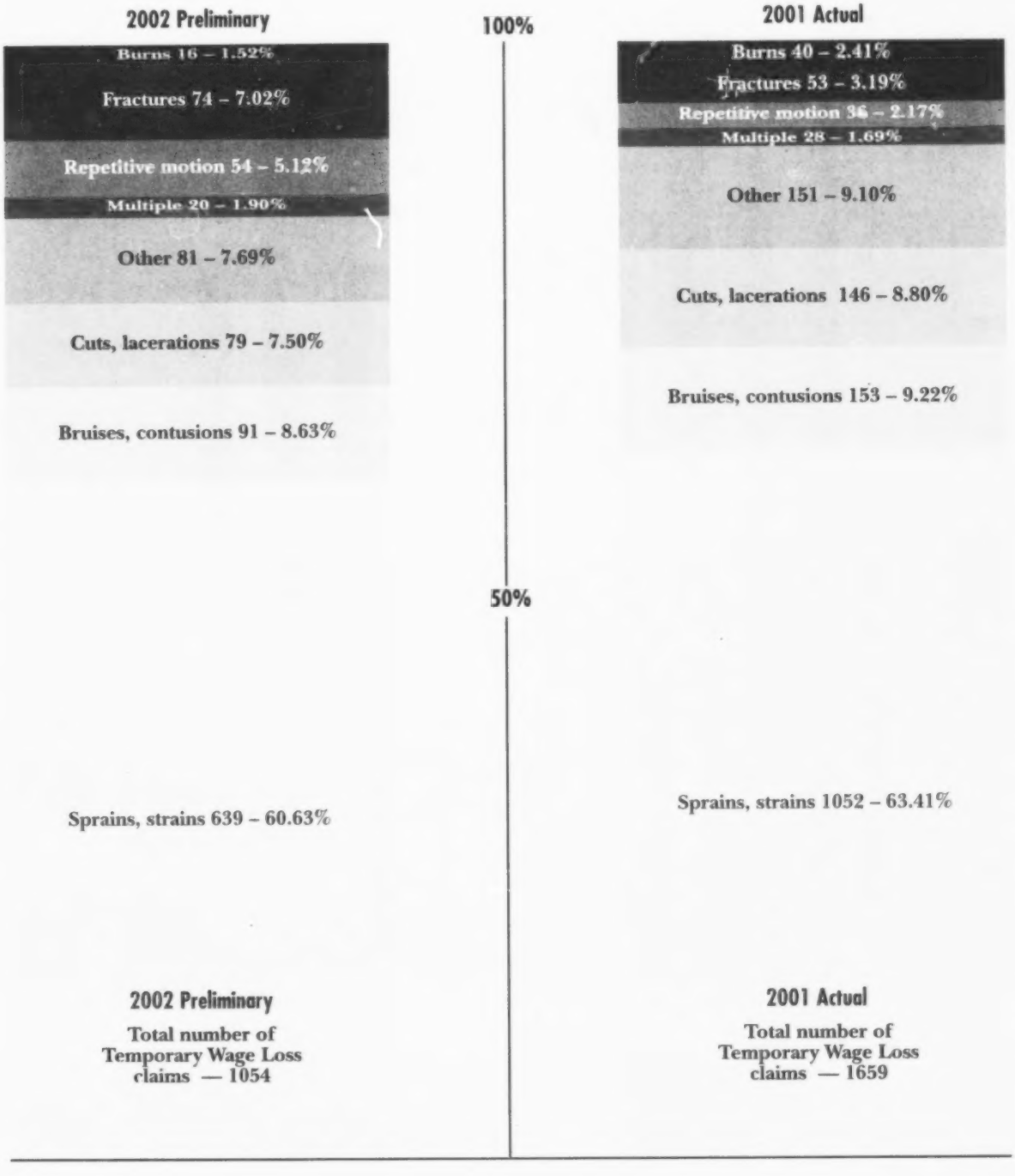
Percentage Funded

Percentage of liabilities covered by assets.



Temporary Wage Loss Claims – Nature of Injury

Based on National Work Injury Statistics Program (NWISP) codes, number and percent of temporary wage loss claims, broken down by nature of injury as of March 31 of the following year.


2002 Preliminary
100%
Burns 16 – 1.52%
Fractures 74 – 7.02%
Repetitive motion 54 – 5.12%
Multiple 20 – 1.90%
Other 81 – 7.69%
Cuts, lacerations 79 – 7.50%
Bruises, contusions 91 – 8.63%
50%
Sprains, strains 639 – 60.63%
2002 Preliminary
Total number of Temporary Wage Loss claims — 1054
2001 Actual
Burns 40 – 2.41%
Fractures 53 – 3.19%
Repetitive motion 36 – 2.17%
Multiple 28 – 1.69%
Other 151 – 9.10%
Cuts, lacerations 146 – 8.80%
Bruises, contusions 153 – 9.22%
Sprains, strains 1052 – 63.41%
2001 Actual
Total number of Temporary Wage Loss claims — 1659

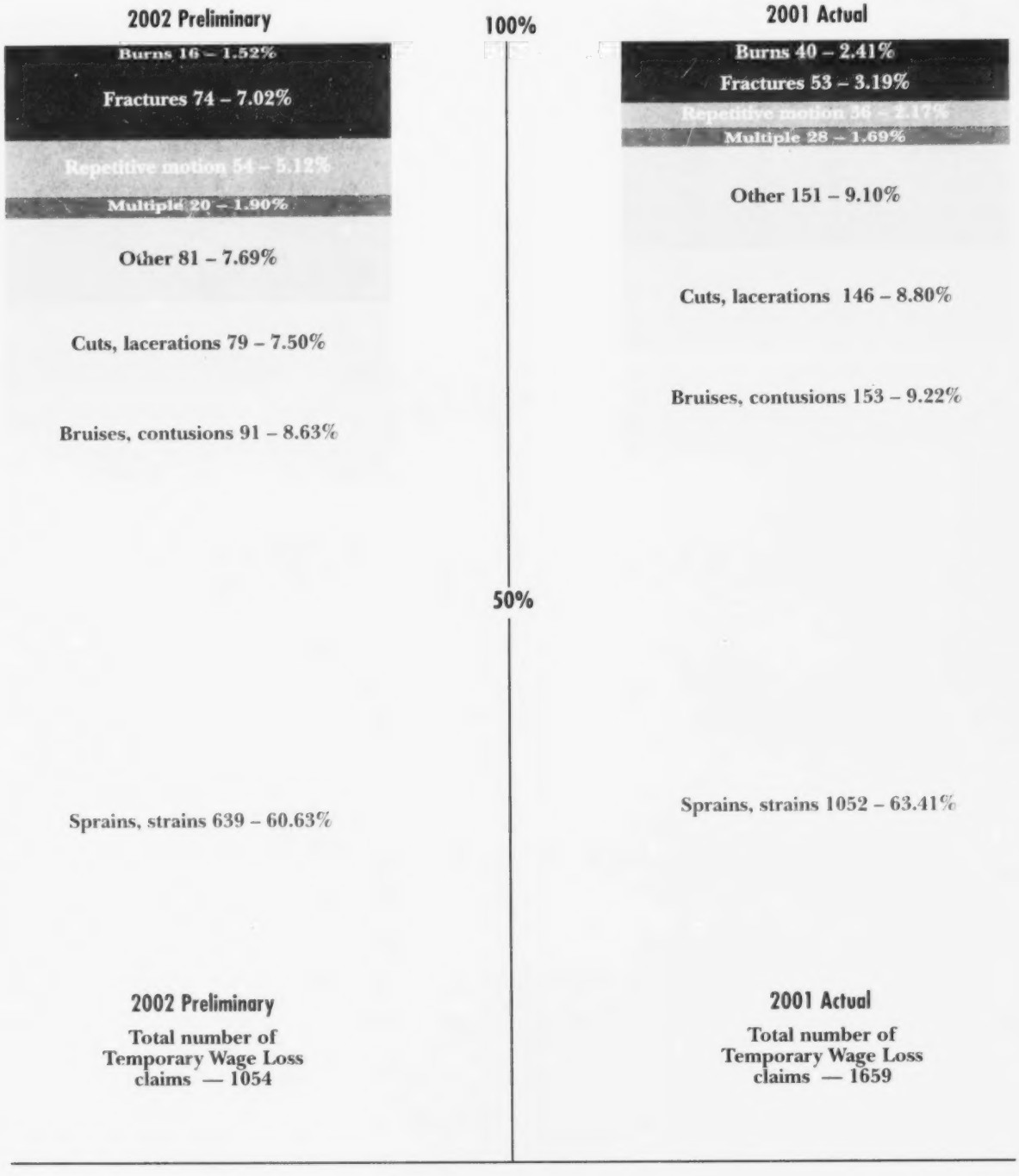
Temporary Wage Loss Claims – Region of Injury

Based on National Work Injury Statistics Program (NWISP) codes, number and percent of temporary wage loss claims, broken down by region of injury as of March 31 of the following year.

**Does not include fingers*

Temporary Wage Loss Claims – Nature of Injury

Based on National Work Injury Statistics Program (NWISP) codes, number and percent of temporary wage loss claims, broken down by nature of injury as of March 31 of the following year.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2001 Actual
Total number of Temporary Wage Loss claims — 1659

Temporary Wage Loss Claims – Region of Injury

Based on National Work Injury Statistics Program (NWISP) codes, number and percent of temporary wage loss claims, broken down by region of injury as of March 31 of the following year.

Back	2002 – 361	34.25%
Back	2001 – 546	32.91%
Fingers	2002 – 97	9.20%
Fingers	2001 – 133	8.02%
Shoulders	2002 – 75	7.12%
Shoulders	2001 – 135	8.14%
Legs	2002 – 100	9.49%
Legs	2001 – 157	9.46%
Multiple body parts	2002 – 80	7.59%
Multiple body parts	2001 – 101	6.09%
Arms (above wrist)	2002 – 48	4.55%
Arms (above wrist)	2001 – 93	5.61%
Hand*	2002 – 36	3.42%
Hand*	2001 – 72	4.34%
Ankle	2002 – 50	4.74%
Ankle	2001 – 73	4.40%
Wrists	2002 – 52	4.93%
Wrists	2001 – 69	4.16%
Others	2002 – 21	1.99%
Others	2001 – 27	1.63%
Foot	2002 – 40	3.80%
Foot	2001 – 65	3.92%
Chest	2002 – 19	1.80%
Chest	2001 – 44	2.65%
Head	2002 – 23	2.18%
Head	2001 – 80	4.82%
Neck	2002 – 24	2.28%
Neck	2001 – 29	1.75%
Pelvic	2002 – 28	2.66%
Pelvic	2001 – 35	2.11%

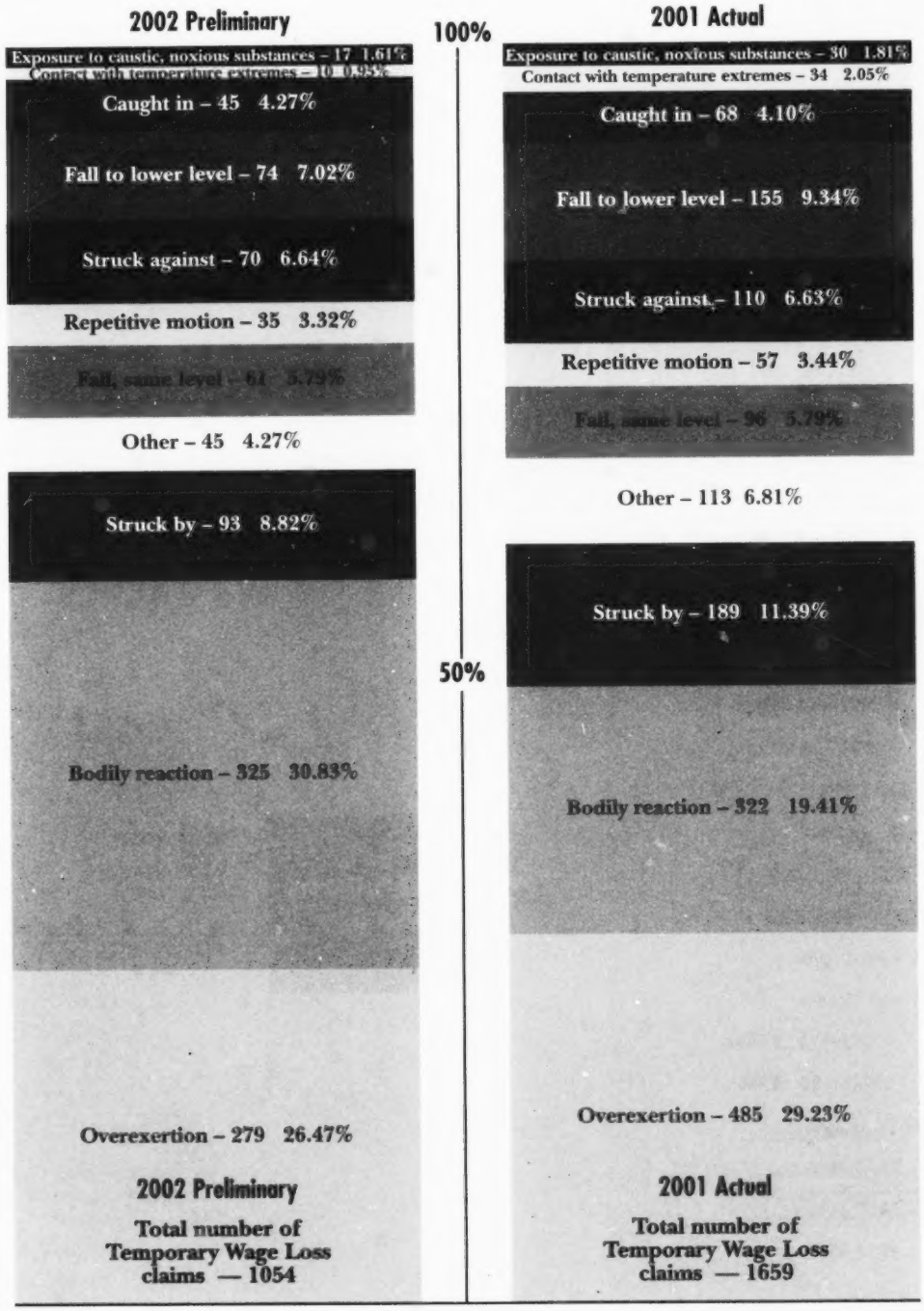
Does not include fingers

2002 Preliminary
1054 claims

2001 Actual
1659 claims

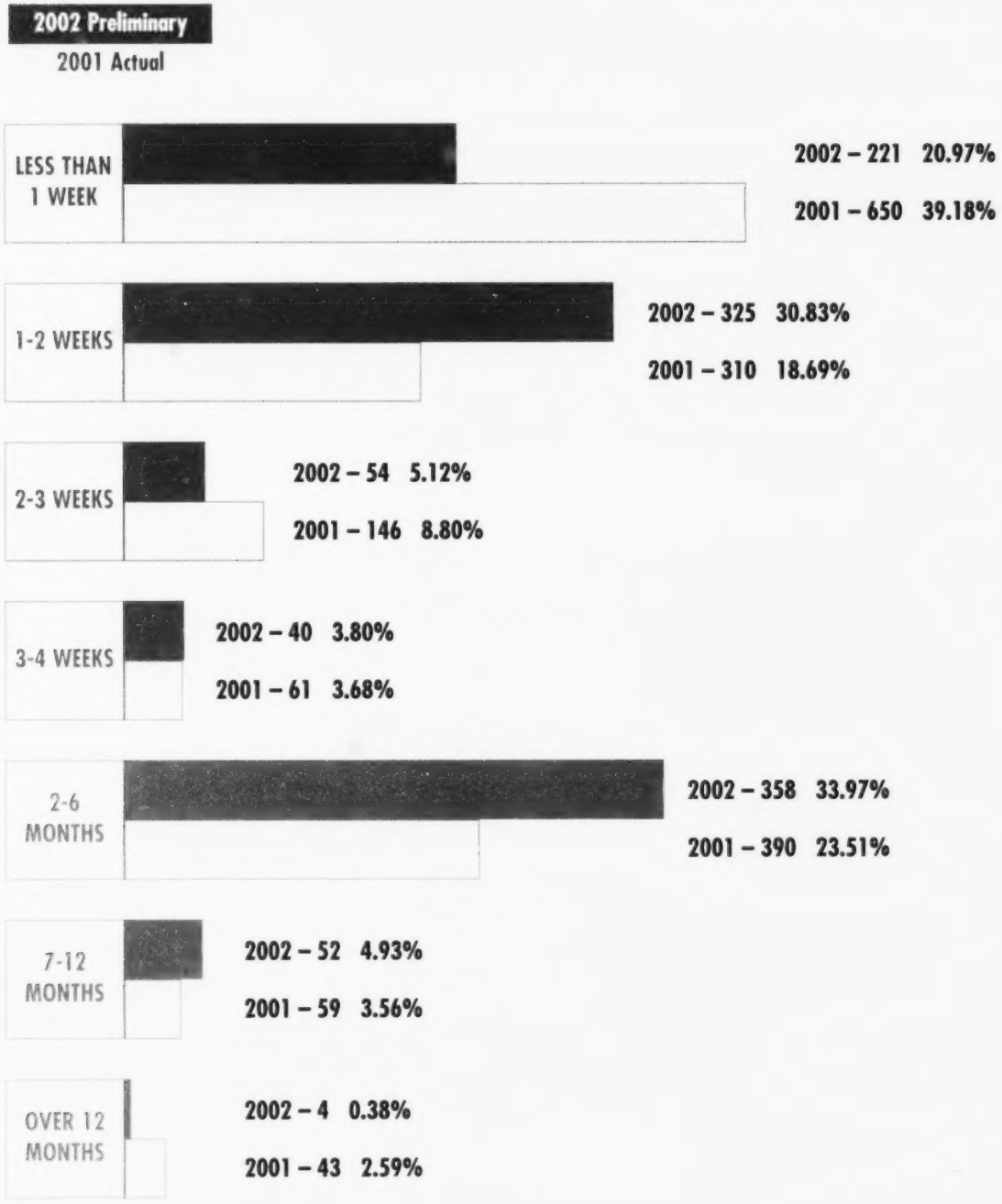
Temporary Wage Loss Claims – Cause of Injury

Based on National Work Injury Statistics Program (NWISP) codes, number and percent of temporary wage loss claims, broken down by cause of injury as of March 31 of the following year.


2002 Preliminary
100%
2001 Actual
Exposure to caustic, noxious substances – 17 1.61%
Contact with temperature extremes – 10 0.95%
Caught in – 45 4.27%
Fall to lower level – 74 7.02%
Struck against – 70 6.64%
Repetitive motion – 35 3.32%
Fall, same level – 61 5.79%
Other – 45 4.27%
Struck by – 93 8.82%
Bodily reaction – 325 30.83%
Overexertion – 279 26.47%
2002 Preliminary
Total number of Temporary Wage Loss claims — 1054
Exposure to caustic, noxious substances – 30 1.81%
Contact with temperature extremes – 34 2.05%
Caught in – 68 4.10%
Fall to lower level – 155 9.34%
Struck against – 110 6.63%
Repetitive motion – 57 3.44%
Fall, same level – 96 5.79%
Other – 113 6.81%
Struck by – 189 11.39%
Bodily reaction – 322 19.41%
Overexertion – 485 29.23%
2001 Actual
Total number of Temporary Wage Loss claims — 1659
50%

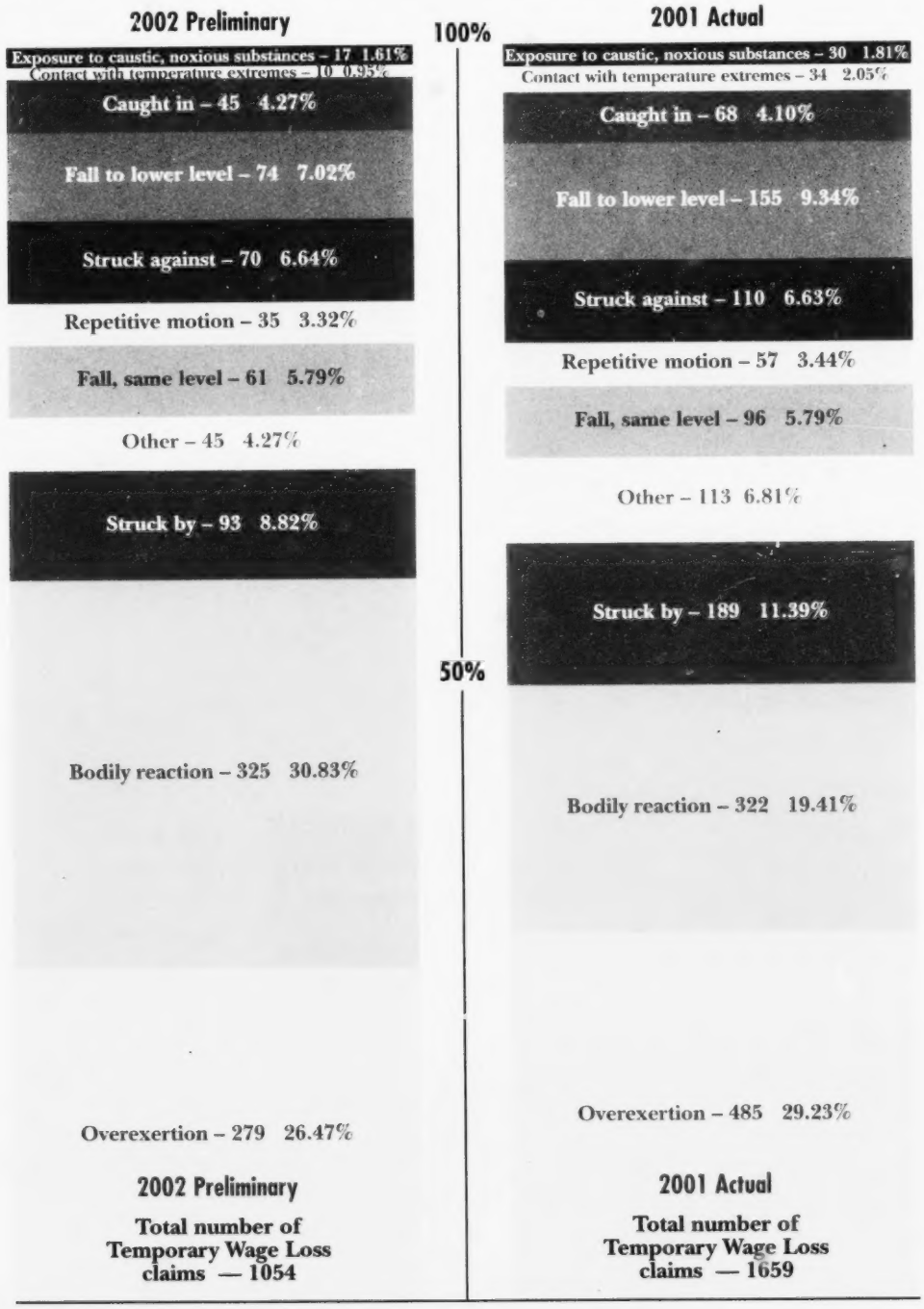
Temporary Wage Loss Claims – Amount of Time Lost

Number and percent of temporary wage loss claims broken down by amount of time lost from work as of March 31, 2003.



Temporary Wage Loss Claims – Cause of Injury

Based on National Work Injury Statistics Program (NWISP) codes, number and percent of temporary wage loss claims, broken down by cause of injury as of March 31 of the following year.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100%
2001 Actual
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Contact with temperature extremes – 10 0.95%
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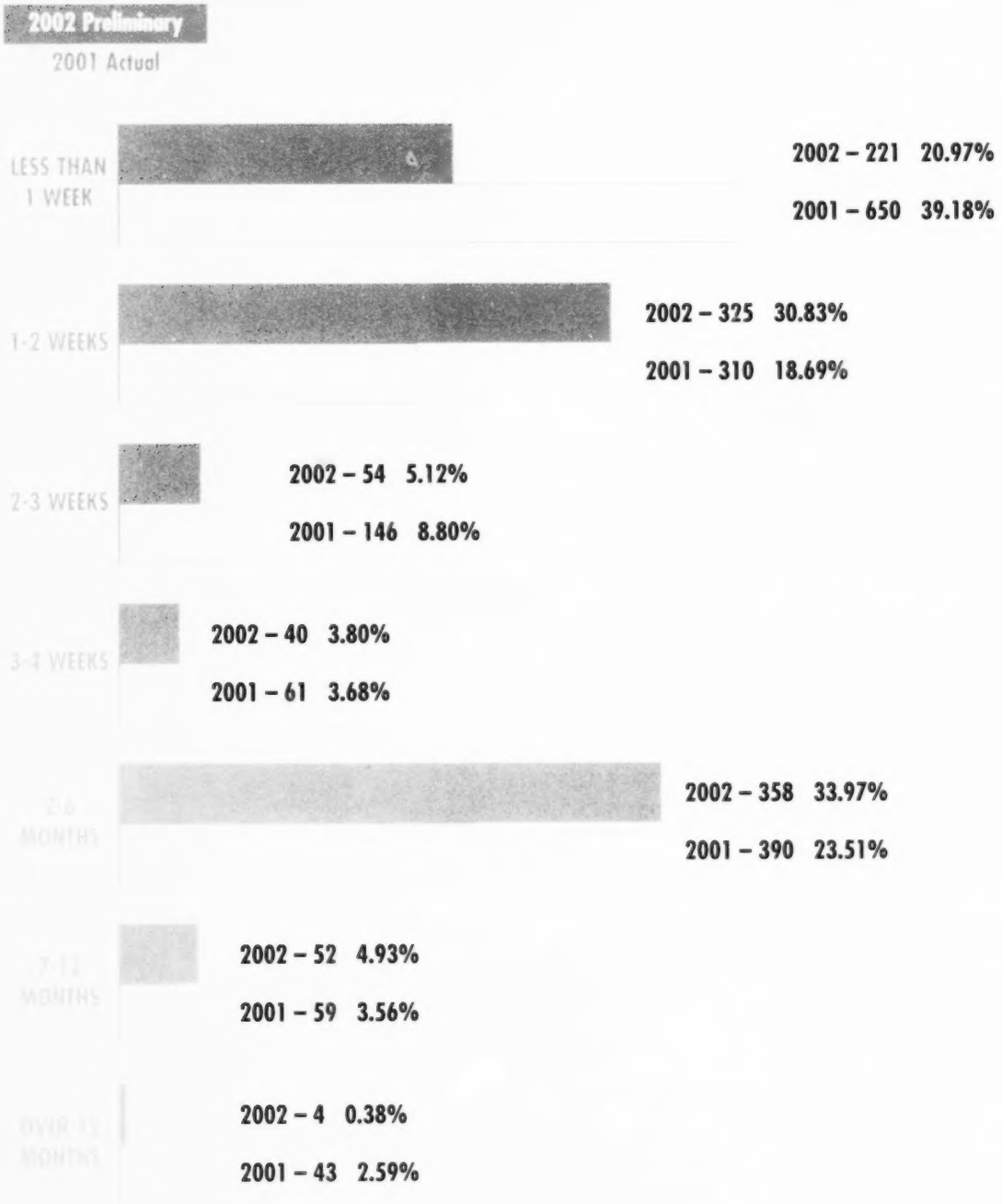
Temporary Wage Loss Claims – Amount of Time Lost

Number and percent of temporary wage loss claims broken down by amount of time lost from work as of March 31, 2003.



Temporary Wage Loss Claims by Industry Sector

Number and percent of temporary wage loss claims as of March 31 of the following year broken down by industry sector.

	2002		2001	
Wholesale & retail	139	13.19%	197	11.87%
Accommodation, food & beverage	116	11.01%	179	10.79%
Health care	171	16.22%	264	15.91%
Sales & services, other	4	0.38%	20	1.21%
Forest products	8	0.76%	11	0.66%
Fish processing	72	6.83%	138	8.32%
Agriculture	36	3.42%	43	2.59%
Food processing	58	5.50%	159	9.58%
Manufacturing, other	133	12.62%	175	10.55%
General construction	76	7.21%	122	7.35%
Construction, other	67	6.36%	89	5.36%
Transportation	42	3.98%	61	3.68%
Government services	132	12.52%	201	12.12%
	1054	100.00%	1659	100.00%

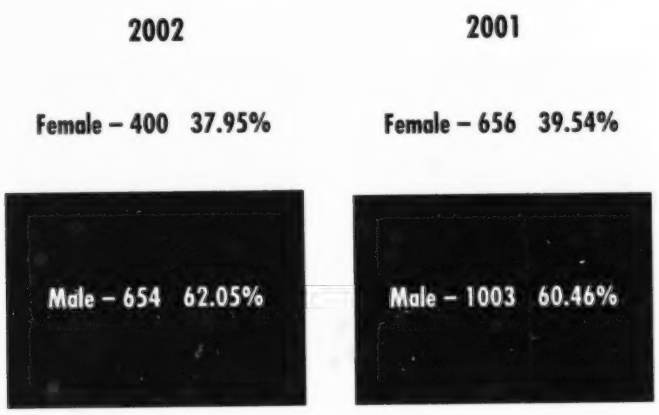
Temporary Wage Loss Claims – Age at Date of Accident

Number and percent of temporary wage loss claims as of March 31 of the following year by age at date of accident.

	2002		2001	
Not stated	1	0.09%	5	0.30%
Less than 20	50	4.74%	79	4.76%
20 to 24	88	8.35%	176	10.61%
25 to 29	97	9.20%	193	11.63%
30 to 34	125	11.86%	183	11.03%
35 to 39	138	13.09%	278	16.76%
40 to 44	189	17.93%	241	14.53%
45 to 49	152	14.42%	203	12.24%
50 to 54	124	11.76%	173	10.43%
55 to 59	57	5.41%	88	5.30%
60 to 64	27	2.56%	35	2.11%
65 or older	6	0.57%	5	0.30%
TOTALS	1054	100.00%	1659	100.00%

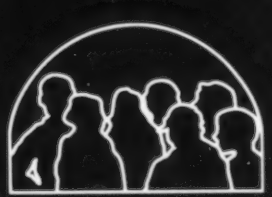
Temporary Wage Loss Claims – Gender of Worker

Number and percent of temporary wage loss claims as of March 31 of the following year by gender of worker.



Notes

WORKERS COMPENSATION BOARD OF PRINCE EDWARD ISLAND



WORKERS COMPENSATION BOARD OF PRINCE EDWARD ISLAND

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